

Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01
CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06
OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 PA-01
PRS-01 AF-08 ARA-06 EUR-12 NEA-10 IO-13 /146 W
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FM AMEMBASSY TOKYO
TO SECSTATE WASHDC PRIORITY 4148
INFO AMEMBASSY JAKARTA

C O N F I D E N T I A L TOKYO 18231

DEPT PASS ALL IEA CAPITALS EXCEPT TOKYO

E.O. 11652: GDS
TAGS: OPEC ENRG JA IO
SUBJECT: OPEC OIL PRICE INCREASE: SADLI COMMENTS IN TOKYO

1. SUMMARY. DURING TALKS AT FOREIGN OFFICE AND MITI, SADLI
TOOK MODERATE POSITION ON OIL PRICE INCREASE, EVEN INDICATING
POSSIBILITY OF ANOTHER FREEZE. END SUMMARY.

2. INDONESIA MINES MINISTER SADLI STOPPED OVER IN TOKYO ON
HIS WAY BACK FOR CIPEC MEETING IN SANTIAGO AND TALKS IN
WASHINGTON. ON FRIDAY HE MET WITH MITI MINISTER KOMOTO,
BRIEFLY WITH FOREIGN MINISTER KOSAKA (WHO WAS CALLED AWAY
AFTER ONLY TEN MINUTES--YOSHINO FILLED IN), AND WITH
KEIDANREN. PRIMARY FOCUS OF TALKS WAS OIL PRICE INCREASE
DECISION TO BE TAKEN BY OPEC AT DECEMBER MEETING IN DOHA.
FOLLOWING SUMMARY PROVIDED BY KARITA, CHIEF OF FOREIGN
OFFICE RESOURCES DIVISION, AND KINOSHITA, CHIEF OF MITI'S
ENERGY AGENCY, RESOURCES DIVISION.

3. SADLI INDICATED THAT INDONESIA WOULD TAKE A MODERATE
LINE AT DOHA. HE SAID THREE FACTORS WOULD HAVE TO BE TAKEN
INTO CONSIDERATION: ECONOMIC JUSTICE, WHICH HE EXPLAINED
MEANS COMPENSATION OF SOME SORT FOR WORLD INFLATION;
THE IMPACT OF A PRICE INCREASE ON THE GENERAL WORLD
ECONOMIC SITUATION; AND, THE PARTICULAR IMPACT ON THE
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NON-OIL PRODUCING LDCS. HE REMINDED THE JAPANESE

THAT THERE HAD BEEN NO INCREASE FOR 15 MONTHS, AND THAT
THUS AN INCREASE MIGHT BE HIGHER THAN IT OTHERWISE WOULD
HAVE BEEN HAD THERE BEEN NO FREEZE AT BALI IN MAY.

4. ON THE OTHER HAND, SADLI MENTIONED THAT THERE WERE
THREE POSSIBLE OUTCOMES OF THE DOHA MEETING. WHILE
CAUTIONING THAT, OF COURSE, HE COULD NOT SPEAK FOR THE
OTHER OPEC MINISTERS, HE FORESAW THAT THE DECISION COULD
BE (1) A LARGE INCREASE (DEMANDED BY IRAN, AND PARTICULARLY
BY IRAQ); A SMALL INCREASE, WITH A REVIEW AGAIN IN MAY
1977; (2) A FREEZE, WITH A REVIEW IN MAY 1977. BOTH
KARITA AND KINOSHITA FELT THAT SADLI FAVORED SECOND
OPTION, POINTING OUT, HOWEVER, THAT SADLI DID NOT DEFINE
"LARGE INCREASE" OR "SMALL INCREASE". BOTH ALSO NOTED THAT
A MAY REVIEW WOULD TEND TO RECOVER LEVERAGE OVER CIEC
MINISTERIAL MEETING, SHOULD ONE BE HELD NEXT MARCH OR
APRIL.

5. OTHER OIL TOPICS TOUCHED ON WERE ISSUE OF PRICE
DIFFERENTIALS (SADLI SAID NO AGREEMENT HAS BEEN REACHED
ON THESE EVEN AFTER A YEAR OF DISCUSSING ALGERIAN
FORMULA, AND THAT THEREFORE OPEC WILL SET PRICE ONLY
FOR ARABIAN LIGHT); AND A SWAP FOR ALASKA OIL (SADLI
CONCERNED THAT THE SWAP WOULD INVOLVE INDONESIAN OIL,
AND THAT THUS INDONESIA WOULD LOSE ITS JAPAN MARKET).

6. JAPANESE SIDE APPARENTLY MADE NO STRONG PITCH TO
SADLI ON OIL PRICE INCREASE, FEELING THAT TO DO SO MIGHT
HARDEN SADLI'S MODERATE STANCE.
HODGSON

NOTE BY OC/T: NOT PASSED.

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